

Public Hearing Rate Increase
November 11, 2013

Council President Talbotte Richardson called the public hearing to order at 6:00 pm. Other Councilpersons present were Greg Redden, Bob Wright, Darryl Kepley and Patti Hayes. Also present were Superintendent Getrost along with Clerk Jack Travillian.

Public Hearing;

Greenville Water Utility rate increase was discussed. Buzz Krohn gave a presentation explaining the need for the recommended rate increase. A few concerned citizens ask questions, noting their concern about fixed income elderly customers. The water council pointed out that the larger customer were getting more of an increase and that the small accounts would be about 10 cents a day increase.

Ordinance 2013-WO-051 – ORDINANCE CONCERNING THE INCREASE OF CURRENT WATER UTILITY RATE AND CHARGES FOR THE GREENVILLE WATER UTILITY OF GREENVILLE INDIANA: First reading was completed. Motion was made by President Richardson and seconded by Councilman Redden to accept the proposed rate increase. Motion passed 4-0-1. Voting for the ordinance were President Richardson and Councilpersons Redden, Wright and Hayes. Councilman Kepley abstained.

No further business coming before the Council the meeting was adjourned.

PRESIDING OFFICER
TOWN OF GREENVILLE, INDIANA


TALBOTTE RICHARDSON


JACK TRAVILLIAN
CLERK / TREASURER

**Town of Greenville Municipal Water Utility
P.O. Box 188
9706 Clark Street
Greenville, In. 47124
{812} 923-9821**

PUBLIC NOTICE TO GREENVILLE WATER UTILITY CUSTOMERS

SUBJECT: INCREASE OF GREENVILLE WATER UTILITY RATES

A PUBLIC HEARING HAS BEEN RESCHEDULED DUE TO A LACK OF A COUNCIL QUORUM FOR THE PUBLIC HEARING SCHEDULED FOR 10-21-2013. NEW PUBLIC HEARING SHALL BE MONDAY NOVEMBER 11TH, 2013 FROM 6:00 P.M. TO 7:00 P.M. FOR READING AND THE PUBLIC DISCUSSION OF TOWN OF GREENVILLE ORDINANCE NO. 2013-WO-051 ESTABLISHING OF PROPOSED NEW WATER UTILITY RATE CHARGES

LOCATION: GREENVILLE TOWN HALL 9706 CLARK STREET, GREENVILLE, INDIANA

To: All Greenville Water Utility Customers,

The Greenville Water Utility was established in 1963 as, and continues to operate as a not for profit company. This is the reason that our water rates compared to neighboring communities has always had one of the lowest rates.

The last rate increase passed by the Greenville Municipal Water Utility Council was under Ordinance 2010-W-064 dated November 8th, 2010 as recommended by O.W. Krohn and Associates.

The rate increases proposed by O. W. Krohn and Associates in 2010 addressed three issues. Issue one was the pass through of rate increases received by our suppliers over the last year. Issue two was to generate additional revenues for infrastructure repairs that will be required by our aging water supply system. Issue three was the revenue required to replace the Greenville Water Storage Tank with a 400,000 gallon tank. It was also the plan to accumulate the funds needed through the infrastructure rates to replace the Galena Storage Tanks in the next 5 to 10 years.

In August 2013 O.W. Krohn and Associates was commissioned to perform a rate analysis by the Greenville Municipal Water Utility. O.W. Krohn and Associates presented their findings at the Greenville Municipal Water Utility Council Meeting on September 9th, 2013. This report indicates because of additional Operating & Maintenance Increases, Capital Projects and Indiana Code Requirements it is with great regret and reluctance that the Greenville Municipal Water Utility Council is anticipating adopting the proposed rate increases recommended by O.W. Krohn and Associates.

The Council is obligated by law to adhere to State of Indiana Code 8-1.5-3-8. The rate increases are to bring us into compliance with State Code. The amount of what your monthly bill will increase depends upon the amount of water usage.

If any of our customers have any suggestions as to how we can resolve these issues without increasing rates we encourage you to attend the Public Hearing on Monday November 11th, 2013 from 6:00 – 7:00 PM to voice your suggestions.

The Ordinance with proposed rate increases and the O.W. Krohn and Associates report shall be posted on the Town of Greenville Web-Site under Public Notices { www.visitgreenvillein.com } and at the Water Utility Office on 9706 Clark Street, Greenville, Indiana beginning Tuesday October 1th, 2013.

Sincerely,
Greenville Water Utility Council
Greenville, Indiana
October 23rd, 2013

Town of Greenville Municipal
Water Utility
P.O. Box 188
9706 Clark Street
Greenville, In. 47124
(812) 923-9821

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Greenville Water Utility Council
Greenville, Indiana
October 23rd, 2013 hspaxp

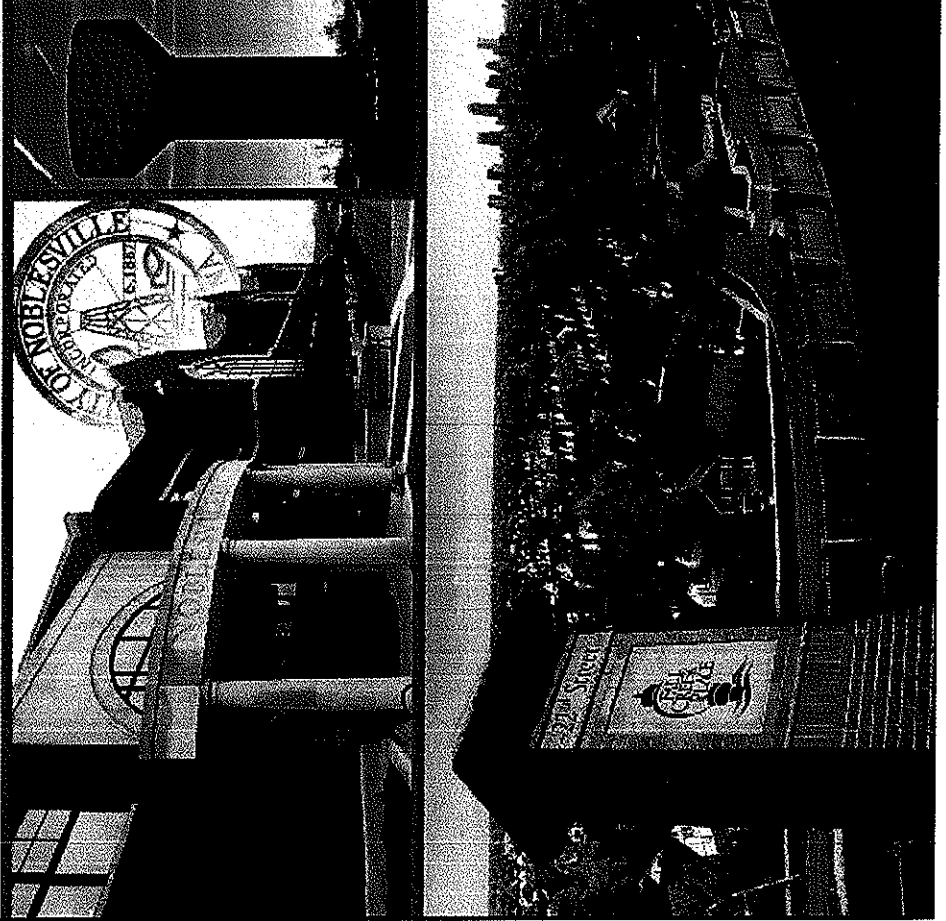


W. Krohn & Associates, LLP
CPA's and Consultants

231 E. Main Street, Westfield IN 46074

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**SERVING LOCAL
GOVERNMENT & UTILITIES**



Town of Greenville

September 9, 2013

Water Rate History

Water Tower Project Costs

- Actual vs. Estimates

Revenue Requirements

- O&M Increases
- Bond Payments
- Capital Projects
- Meter Replacements

Indiana Code Requirements

Proposed Rate Adjustments

- Reduce Discounts
- Reduce Rate Blocks

Greenville Water Rate History

- **Last Base Rate adjustment approved back in 2010**
approximately 17% rate increase, plus \$.96 / 1,000 gallon wholesale tracking factor
- **Actual Costs for Tower Project amounted to \$1.3M**
Vs \$ 0.9 M estimate back in 2010
- **In 2013, Town is proposing**
 - 1. Purchased water cost roll-in factor (\$.50 / 1,000 gallons)
 - 2. 13% across-the-board base rate adjustment
 - 3. \$1 monthly meter charge (10 yr lease)
 - 4. Reducing number of rate blocks, 2 fewer

GREENVILLE MUNICIPAL WATER UTILITY

**STATEMENT OF CASH RECEIPTS & DISBURSEMENTS
FOR THE TWELVE MONTH PERIODS ENDED**

	05/31/2013	12/31/2012	12/31/2011
OPERATING RECEIPTS:			
COMMERCIAL	\$ 842,594	\$ 846,892	\$ 837,371
HYDRANT RENTAL	58,680	57,699	58,287
PENALTIES	7,600	7,826	6,541
RECONNECT FEES	3,550	3,900	4,250
TOTAL OPERATING RECEIPTS	912,424	916,317	906,449
PURCHASED WATER COST	376,207	362,697	335,313
GROSS PROFIT ON SALES	536,217	553,620	571,136
	58.8%	60.4%	63.0%

Current vs 2011

	Current vs 2011	05/31/2013	12/31/2012	12/31/2011
OPERATING DISBURSEMENTS:				
DISTRIBUTION SALARIES		37,485	37,919	36,395
SALARIES OFFICE/TOWN COUNCIL	8,238	175,569	171,336	167,331
EMPLOYEE BENEFITS	43,034	88,896	80,334	45,862
FUEL OR POWER PURCHASED		7,653	6,212	7,036
MATERIALS & SUPPLIES	20,983	30,053	24,946	9,070
CONTRACTUAL SERVICES	(7,967)	42,464	35,421	50,431
TRANSPORTATION		8,716	8,157	9,655
SUBSCRIPTION & DUES		1,622	1,842	1,842
TELEPHONE		4,889	4,984	4,669
INSURANCE	(17,038)	24,617	28,158	41,675
OFFICE SUPPLIES AND POSTAGE	14,899	22,163	14,596	7,264
MISCELLANEOUS		(531)	303	8,193
UTILITY RECEIPTS TAX		13,040	13,308	13,784
OTHER OPERATING DISBURSEMENTS		456,636	427,516	403,207
NET OPERATING RECEIPTS		79,581	126,104	167,929

Preliminary - For Deliberative Purposes

What Costs Increased Since 2010

- **Actual bond payments on \$1.3M bond issue is \$85k / yr (versus \$60k / yr estimate back in 2010 with assumed \$.9M bond)**
- **Cash O&M costs increased approximately \$60k per year (health insurance & employee benefits, insurance & other cost of O&M)**
- **Total additional O&M and Debt Service amounts to about \$85k / yr**
- **Town needs add'l funds - capital projects / meters (Proposing \$1 per month for meter rental charge)**

Potential Revenue Requirements Pursuant to Indiana Code 8-1.5

- Operation & maintenance
- Working capital
- Depreciation
- Debt service & reserve funds
- Extensions & replacements
- Optional requirements:
 - Payments in lieu of taxes
 - Return on Plant



IC states that rates “Shall” (not “may”) be sufficient to fund the Statutory Revenue Requirements noted above...

Greenville Water Utility

Rate Increase Components

- Inflation in O&M costs since 2010 \$ **60,000**
- Add'l bond payments (\$1.3M bond) **25,000**
- Phase 1 Increase in Rev. Req. **85,000**
- Proposed add'l allowance for CIP **40,000**
- Phase 2 Increase in Rev. Req. **\$125,000**
- Phase 3 – Inflationary Allowance **2% (\$20k)**
- Plus \$1 monthly meter charge (\$120 every 10 years)

Town Council Considerations

- **IC 8-1.5 Identifies Statutory Revenue Requirements and the Town's fiduciary responsibility to maintain adequate rates.**
- **Proposing to reduce volume discounts**
- **Proposed rate adjustment includes the Water Utility's:**
 - **1. Cash O&M Costs (\$860k / yr),**
 - **2. Debt Service on Bonds (\$85k / yr) and**
 - **3. Extensions & Replacements (\$100k / yr)**
 - **4. Inflationary Adjustments (\$20k / yr)**

GREENVILLE MUNICIPAL WATER UTILITY

**PRO FORMA RECEIPTS, OPERATION AND MAINTENANCE DISBURSEMENTS,
DEBT SERVICE AND ALLOWANCE FOR CAPITAL IMPROVEMENTS**

BASED UPON THE TWELVE MONTHS ENDED MAY 31, 2013

	NORMALIZED	
	TEST YEAR	PROPOSED
PRO FORMA OPERATING RECEIPTS:		
METERED SALES (INCLUDES \$.50 / 1,000 GALLON TRACKING REVENUE)	\$ 892,513	\$ 1,008,925
HYDRANT RENTAL	58,680	66,273
PENALTIES	7,600	7,600
RECONNECT FEES	3,550	3,550
TOTAL OPERATING RECEIPTS	962,343	1,086,348

DEDUCT CASH OPERATING EXPENSES

PURCHASED WATER COSTS (NORMALIZED FOR CURRENT RATES)	(384,533)	(384,533)
OTHER CASH OPERATING COSTS	(456,636)	(498,978)

NET OPERATING REVENUES AVAILABLE FOR DEBT SERVICE

	121,174	202,836
DEBT SERVICE PAYMENTS (2)	\$ 82,714	\$ 82,714

TARGET AMOUNT FOR CAPITAL PROJECTS & RESERVES \$100K - \$125K

AMOUNT REMAINING FOR CAPITAL PROJECTS & RESERVES	\$ 38,460	\$ 120,122
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IMPACT ON TYPICAL MONTHLY RESIDENTIAL USERS:

	CURRENT	PROPOSED
MINIMUM MONTHLY CHARGE 2,500 GALLONS	\$ 21.33	\$ 24.10
AVERAGE MONTHLY CHARGE 5,000 GALLONS	42.65	48.20
LARGER USER MONTHLY CHARGE 7,500 GALLONS	63.98	72.30

Preliminary - For Deliberative Purposes

GREENVILLE (INDIANA) MUNICIPAL WATER UTILITY

SCHEDULE OF CURRENT AND PROPOSED WATER RATES AND CHARGES

For the use of and the service rendered by the water utility of the Town of Greenville, Indiana, the following rates and charges are based upon the amount of water supplied by said water utility.

MONTHLY METERED RATES (PER 1,000 GALLONS)	CURRENT		REVISD		PROPOSED MONTHLY		PROPOSED PHASE 3
	BASE RATES	TRACKING	BASE RATES	TRACKING	METERED RATE BLOCKS	PHASE 3	
First 10,000 gallons	\$ 8.03	\$0.50	\$ 8.53	\$0.50	First 30,000 gallons	\$ 9.64	2.0%
Next 20,000 gallons	7.33	1.20	8.53	1.20	Next 30,000 gallons	7.99	
Next 30,000 gallons	6.57	0.50	7.07	0.50	Over 60,000 gallons	7.13	
Next 40,000 gallons	5.82	0.50	6.32	1.20			
Over 100,000 gallons	5.12	1.20	6.32				
Variance between 1st and last rate blocks	\$2.91		\$2.21			113.0%	
Reducing volume discounts from 36% - 26%	36%		26%				
MINIMUM MONTHLY CHARGES*	GALLONS	CURRENT BASE RATES	WATER COST TRACKING	REVISD BASE RATES	MINIMUM MONTHLY CHARGES	PROPOSED PHASE 3	
WATER METER SIZE:					WATER METER SIZE:		
5/8 or 3/4 inch meter	2,500	\$ 20.08	\$ 1.25	\$ 21.33	5/8 or 3/4 inch meter	\$ 24.10	
1 inch meter	10,000	80.30	5.00	85.30	1 inch meter	96.40	
1 1/2 inch meter	27,000	204.91	25.40	230.31	1 1/2 inch meter	260.28	
2 inch meter	46,000	332.02	37.00	369.02	2 inch meter	417.04	
3 inch meter	150,200	913.82	124.24	1,038.06	3 inch meter	1,172.03	

Also proposing \$1 monthly Meter Use Fee -- based upon 10 year meter change out cycle

Impact of Rate Block Consolidation

		DOLLARS BILLED									
	RESIDENTIAL	COMMERCIAL	INDUSTRIAL	GOVERNMENT	MULTI-FAMILY	EDUCATIONAL	CHURCH	PRIVATE FIRE	TOTAL		
JUNE, 2012	\$ 62,124	\$ 1,833	\$ 40	\$ 161	\$ 174	\$ 2,687	\$ 47	\$ 20	\$ 67,086		
JULY	84,529	2,164	40	181	164	2,124	20	20	89,242		
AUGUST	81,404	1,403	40	20	60	2,726	20	20	85,693		
SEPTEMBER	73,575	1,805	40	100	175	3,942	20	20	79,677		
OCTOBER	58,770	1,634	40	157	159	3,063	20	20	63,863		
NOVEMBER	60,938	1,462	40	100	163	2,482	20	20	65,225		
DECEMBER	61,852	1,423	40	100	181	2,411	32	20	66,059		
JANUARY, 2013	58,071	1,547	40	100	121	1,728	76	20	61,703		
FEBRUARY	59,175	1,656	40	100	134	2,176	57	20	63,358		
MARCH	55,287	1,540	40	100	151	2,269	20	20	59,427		
APRIL	59,610	1,807	40	100	241	1,995	20	20	63,833		
MAY	60,862	1,834	40	100	161	3,087	20	20	66,124		
TOTAL	776,197	20,108	480	1,319	1,884	30,690	372	240	831,290		
PERCENT	93.37%	2.42%	0.06%	0.16%	0.23%	3.69%	0.05%	0.00%	100.00%		
Avg Bill / Mo	\$38.77	\$98.57	\$20.00	\$54.96	\$26.17	\$426.25	\$31.00	\$20.00	\$40.67		

-Approximately 5-10 existing users affected – resulting in \$4k / yr of total incremental revenues
 -School District will realize majority of rate consolidation financial impact
 -No material adverse impact is anticipated as a result of the proposed rate block consolidation

Council Action Required

- **Establish timeline for implementing proposed rate changes**
- **Introduce proposed water rate ordinance amendments at upcoming Council meeting**
- **Advertise and hold Public Hearing**
- **Keep eye on future growth – only means of offsetting inflation in operating costs**
- **Continue to monitor adequacy of rates regularly (revenue growth vs. O&M inflation)**

GREENVILLE MUNICIPAL WATER UTILITY

Preliminary - For
Deliberative Purposes

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NET OPERATING RECEIPTS	79,581	126,104	167,929
NON-OPERATING RECEIPTS:			
SALE OF ASSETS	-	-	4,800
INTEREST	4,688	6,323	11,587
BOND PROCEEDS	946,638	125,104	-
REIMBURSEMENT FROM TOWN	17,828	17,846	15,752
INSTALLATION & SURCHARGE (IAPS)	5,700	9,500	11,400
MISCELLANEOUS	11,663	11,709	11,481
SALES TAX (NET)	(4,452)	225	843
METER DEPOSITS	6,800	6,350	4,225
TOTAL NON-OPERATING RECEIPTS	988,865	177,057	60,088
NON-OPERATING DISBURSEMENTS:			
REVENUE BONDS PRINCIPAL	-	-	-
REVENUE BONDS INTEREST	824	3,371	4,515
METER DEPOSITS	3,980	1,389	-
MISCELLANEOUS	1,750	575,000	-
LOAN TO WASTEWATER UTILITY	585,000	126,841	78,480
UTILITY PLANT ADDITIONS	900,964	-	-
TOTAL NON-OPERATING DISBURSEMENTS	1,492,518	706,601	82,995
INCREASE (DECREASE) IN CASH	(424,072)	(403,440)	145,022
BEGINNING CASH BALANCE	1,330,722	1,311,622	1,166,600
ENDING CASH BALANCE	\$ 906,650	\$ 908,182	\$ 1,311,622

Current vs 2011

OPERATING DISBURSEMENTS:	
DISTRIBUTION SALARIES	8,238
SALARIES OFFICE / WATER COUNCIL	43,034
EMPLOYEE BENEFITS	20,983
FUEL OR POWER PURCHASED	(7,967)
MATERIALS & SUPPLIES	
CONTRACTUAL SERVICES	
TRANSPORTATION	
SUBSCRIPTION & DUES	
TELEPHONE	
INSURANCE	(67,058)
OFFICE SUPPLIES AND POSTAGE	14,899
MISCELLANEOUS	
UTILITY RECEIPTS TAX	